

SENATE BILL NO. 39—SENATOR TOWNSEND

PREFILED JANUARY 24, 2001

Referred to Committee on Taxation

SUMMARY—Expands purposes for which proceeds of certain taxes on fuel for jet or turbine-powered aircraft may be used by governmental entity. (BDR 32-789)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; expanding the purposes for which the proceeds of certain taxes on fuel for jet or turbine-powered aircraft may be used by a governmental entity; and providing other matters properly relating thereto.

- 1 WHEREAS, Historically, the proceeds of the tax on jet fuel have been
2 used to help support transportation infrastructure projects that are vital to
3 an airport; and
4 WHEREAS, An increased use of Nevada's airports causes corresponding
5 increases in tourism and increases in the economic development of this
6 state which are crucial to the economy of the State of Nevada and to the
7 general welfare of the residents of this state; and
8 WHEREAS, Expanding the purposes for which the proceeds of the tax on
9 jet fuel may be expended to include expenditures to promote the increased
10 use of Nevada's airports may reduce the amount of those proceeds that
11 remains available to support the infrastructure projects that were
12 historically reliant on this revenue source; and
13 WHEREAS, To ensure that sufficient proceeds are available to continue
14 the historical financial support of transportation infrastructure projects,
15 governmental entities may feel compelled to increase the rate of the tax
16 which may lead to corresponding increases in the price of airline tickets;
17 and
18 WHEREAS, The availability of affordable air service to and from Nevada
19 is extremely important to the residents of this state, to business travelers
20 and to tourists, and is therefore crucial to the vitality of Nevada's tourism
21 industry and economic development; and
22 WHEREAS, The amendment by this Legislature of NRS 365.545 to
23 expand the authorized uses of the proceeds of the tax on jet fuel is intended
24 to benefit the tourism industry and the economic development of this state,



* S B 3 9 R 1 *

1 however, it is not the intent of the Legislature to authorize an unduly
2 burdensome increase in the rate of this tax which would have a detrimental
3 effect upon Nevada's tourism industry and upon economic development
4 and expansion in this state; and

5 WHEREAS, The Nevada Legislature trusts that the governmental entities
6 which own the airports at which the tax on jet fuel is collected will, if
7 considering such a tax increase, also consider the practical effect such an
8 increase may have upon the price of air travel, the vitality of Nevada's
9 tourism industry and the economic development and expansion of this state
10 generally; and

11 WHEREAS, The Nevada Legislature believes that it is imperative that
12 representatives of these governmental entities consult with representatives
13 of the airlines and with tourism and economic development officials when
14 considering whether to use the proceeds from the tax on jet fuel to promote
15 the increased use of the airport; now, therefore,

16
17 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
18 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:
19

20 **Section 1.** NRS 365.545 is hereby amended to read as follows:

21 365.545 1. The proceeds of all taxes on fuel for jet or turbine-
22 powered aircraft imposed pursuant to *the provisions of* NRS 365.170 or
23 365.203 must be deposited in the account for taxes on fuel for jet or
24 turbine-powered aircraft in the state general fund and must be allocated
25 monthly by the department to the governmental entity which owns the
26 airport at which the tax was collected, or if the airport is privately owned,
27 to the county in which the airport is located.

28 2. The money so received must be used by the *governmental* entity
29 receiving it to pay the cost of:

30 (a) Transportation projects related to airports, including access on the
31 ground to airports;

32 (b) Payment of principal and interest on notes, bonds or other
33 obligations incurred to fund projects described in paragraph (a); ~~for~~

34 (c) *Promoting the use of an airport, including, without limitation,*
35 *increasing the number and availability of flights at the airport; or*

36 (d) Any combination of those purposes.

37 3. Money so received may also be pledged for the payment of general
38 or special obligations issued to fund projects described in paragraph (a) of
39 subsection 2.

40 4. Any money pledged pursuant to *the provisions of* subsection 3 may
41 be treated as pledged revenues of the project for the purposes of subsection
42 3 of NRS 350.020.

43 **Sec. 2.** This act becomes effective on July 1, 2001.

